

SCRUTINY BOARD

Agenda Item: 14

Ward: ALL

Portfolio FINANCE

:

Report Author(s): Cllr Parham
Corporate Finance

Meeting Date: 16 May 2016

SUBJECT: Council Tax Support Grant Funding to Town and Parish Councils

	Seen by:	Name	Date
Report Sign off	Legal	Donna Nolan	5 April 2016
	Finance	Adam Savery	5 April 2016
	Procurement	N/a	
	Corporate Manager	Stuart Brown	5 April 2016
	Portfolio Holder	Cllr Parham	5 April 2016
	Ward Member(s)	N/a	
Summary:	<p>The introduction of the Council Tax Support Scheme in 2013/14 had a significant impact on the tax base as it has to be applied as a discount and therefore reduced the tax base for each parish.</p> <p>Town and Parish Councils have been compensated through a grant which is distributed through Mendip District Council. Although allocation of the grant is not mandatory Mendip have distributed the full 2013/14 level of grant totalling £242k despite the significant reductions in Government funding to date and outlined for the future. Continuing this grant therefore is not sustainable.</p>		
Recommendation:	Cabinet is recommended to cease paying this grant to Town and Parish Councils from 2017/18.		
Direct and/or indirect impact on service delivery to our customers and communities:	By taking this decision, the impact on services is reduced as resources can be redirected to protect or enhance services.		
Impact on Service Plans:	Redirecting resources to Mendip services will help deliver the priorities of the Council.		

Financial Implications:	Continuing to provide this grant costs £242k per annum. At a time when central funding is significantly reducing, and will end by 2020, continuing this is not sustainable. The Town and Parish Councils are able to increase their Precept to offset this reduction.
Legal Implications:	There are no legal implications as a direct result of this report.
Crime and Disorder Implications:	There are no implications for crime and disorder as a direct result of this report.
Equalities Implications:	There are no equality implications as a direct result of this report.
Risk Assessment and Adverse Impact on Corporate Actions:	By taking this decision, the risk is reduced as resources can be redirected to protect or enhance services.

INTRODUCTION AND BACKGROUND

Responsibility for Council Tax Support (CTS) passed to Local Authorities on 1 April 2013. Government also passed funding for CTS to Local Government through the annual Settlement Funding Assessment (SFA), but reduced the amount of funding available by 10% compared to the costs of the previous Council Tax Benefit (CTB) system.

The CTS changed the support provided to residents from a benefit which was paid on behalf of the taxpayer by the Government to a discount applied by Local Authorities to the residents council tax bill. This had the effect of reducing the amount of council tax collectable by Local Authorities.

Within the 2013/14 Funding Settlement the Government provided funding for Council Tax Support that included a proportion related to Town and Parish Councils. Although there is no legal requirement to do so, the Council decided to pass on this funding to reflect their associated reduction in funding. Therefore, a grant was given by MDC to Town and Parish Councils based on the tax base reduction attributable to Council Tax Support multiplied by their 2012/13 Band D Charge.

From the 2014/15 Funding Settlement onwards, that funding stream was 'rolled in' to the Revenue Support Grant (RSG) and is no longer separately identifiable. As part of the Government's austerity measures and in line with the desire to have local authorities funded solely through locally raised resources, RSG has been significantly reduced since 2013/14 and will cease for MDC in 2019/20. Despite these considerable reductions in the level of central funding received each year, MDC has continued to pay this grant at the 2013/14 level in each subsequent year.

The levels of grant awarded across the 62 Town and Parish Councils varies from zero (where no precept is charged) to £110k (as shown in Appendix A), but averages at less than £4k. Therefore, the financial implication for the vast majority of these organisations is minimal. Even for the larger organisations, mainly the Town Councils for the five market towns, the proportion of the overall funding is less than 10%.

Throughout this period, Town and Parish Councils have not been subject to the referendum limits applied to Council Tax increases and so have therefore been able to increase their precept by whatever value they wish. Furthermore, as organisations already largely funded through local raised resources (Council Tax), they have not suffered the same significant reductions in funding. Indeed, they have benefitted though increased taxbases driven by the growth in the local housing market.

OPTIONS CONSIDERED

In line with many other local authorities, MDC have reviewed whether it is affordable to continue to pay this grant given the original funding is no longer identifiable. In fact within Somerset, several district authorities have already reduced or ceased to pay this grant.

It was considered whether to reduce the funding in line with the reduction in RSG over coming years, thereby ceasing in 2019/20. However, this does not take into consideration the significant reductions that have already occurred since 2013/14 or the ability to offset any reduction through variations in the Precept.

It is therefore proposed to cease the grant from 2017/18. Taking the decision now, and advising Town and Parishes accordingly provides them with the maximum opportunity to plan and devise their strategy to offset the loss.

RECOMMENDATIONS

Cabinet is recommended to cease paying this grant to Town and Parish Councils from 2017/18.

REASONS FOR RECOMMENDATIONS

Continuing to pay this grant is not sustainable within the significantly reduced levels of funding available.

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List of background Papers:

Appendix A – List of Grants to Town and Parish Councils

2015/16 Grant	Parish	2016/17 Grant	Change
£354.42	Ashwick	£343.73	-£10.69
£327.80	Baltonsborough	£332.30	£4.50
£71.28	Batcombe	£71.80	£0.52
£301.76	Beckington	£344.84	£43.08
£279.29	Berkley	£286.98	£7.69
£337.55	Binegar	£320.76	-£16.79
£78.53	Buckland Dinham	£80.24	£1.71
£378.44	Butleigh	£387.67	£9.23
£94.90	Chewton Mendip	£89.78	-£5.12
£1,278.03	Chilcompton	£1,224.07	-£53.96
£2,559.66	Coleford	£2,585.76	£26.10
£311.77	Cranmore	£297.11	-£14.66
£190.11	Croscombe	£189.23	-£0.88
£243.81	Ditcheat	£248.10	£4.29
£455.38	Doultong	£449.04	-£6.34
£12.40	Downhead	£15.47	£3.07
£69.92	East Pennard	£69.33	-£0.59
£-	Emborough	£-	£-
£2,565.69	Evercreech	£2,546.87	-£18.82
£110,445.61	Frome	£109,944.06	-£501.55
£34,542.52	Glastonbury	£34,920.91	£378.39
£139.86	Godney	£118.36	-£21.50
£37.70	Great Elm	£30.34	-£7.36
£410.68	Hemington	£566.55	£155.87
£476.12	Holcombe	£445.01	-£31.11
£456.85	Kilmersdon	£451.79	-£5.06
£69.78	Lamyatt	£64.70	-£5.08
£220.52	Leigh on Mendip	£230.60	£10.08
£38.70	Litton	£31.23	-£7.47
£16.45	Lullington	£18.98	£2.53
£177.00	Lydford on Fosse	£170.39	-£6.61
£2,311.93	Meare	£2,314.62	£2.69
£698.34	Mells	£804.78	£106.44
£-	Milton Clevedon	£-	£-
£-	North Wootton	£16.92	£16.92
£533.44	Norton St Philip	£1,064.53	£531.09
£1,937.96	Nunney	£1,886.41	-£51.55
£239.79	Pilton	£239.77	-£0.02
£212.03	Priddy	£173.69	-£38.34
£-	Pylle	£-	£-
£374.07	Rode	£370.35	-£3.72
£765.80	Rodney Stoke	£814.93	£49.13
£59.84	Selwood	£60.72	£0.88
£6.66	Sharpham	£12.06	£5.40
£13,326.62	Shepton Mallet	£13,348.72	£22.10

2015/16 Grant	Parish	2016/17 Grant	Change
£1,707.55	St Cuthbert Out	£1,676.59	-£30.96
£1,133.36	Stoke St Michael	£1,111.07	-£22.29
£110.19	Ston Easton	£105.18	-£5.01
£733.66	Stratton on the Fosse	£715.93	-£17.73
£28,527.66	Street	£28,638.03	£110.37
£-	Tellisford	£-	£-
£126.44	Trudoxhill	£128.35	£1.91
£-	Upton Noble	£-	£-
£905.78	Walton	£943.36	£37.58
£244.52	Wanstrow	£282.26	£37.74
£28,584.83	Wells	£27,551.82	-£1,033.01
£-	West Bradley	£-	£-
£139.21	West Pennard	£57.88	-£81.33
£120.58	Westbury Sub Mendip	£264.23	£143.65
£85.24	Whatley	£92.83	£7.59
£245.46	Witham Friary	£244.80	-£0.66
£1,926.49	Wookey	£2,204.19	£277.70
£241,999.98	Total	£242,000.02	£0.04